



# GENERAL ASSEMBLY

## COMMONWEALTH OF KENTUCKY

### 2005 REGULAR SESSION

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HOUSE BILL NO. 308

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TUESDAY, FEBRUARY 15, 2005

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The following bill was reported to the Senate from the House and ordered to be printed.

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DATE March 8, 2005  
3:48pm

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TREY GRAYSON  
SECRETARY OF STATE  
COMMONWEALTH OF KENTUCKY  
BY R. Adler

AN ACT relating to local property tax exemptions.

***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

1       Section 1. KRS 132.200 is amended to read as follows:

2       All property subject to taxation for state purposes shall also be subject to taxation in the  
3       county, city, school, or other taxing district in which it has a taxable situs, except the  
4       classes of property described in KRS 132.030 and 132.050, and the following classes of  
5       property, which shall be subject to taxation for state purposes only:

- 6       (1) Farm implements and farm machinery owned by or leased to a person actually  
7       engaged in farming and used in his farm operation;
- 8       (2) Livestock, ratite birds, and domestic fowl;
- 9       (3) Capital stock of savings and loan associations;
- 10      (4) Machinery actually engaged in manufacturing, products in the course of  
11      manufacture, and raw material actually on hand at the plant for the purpose of  
12      manufacture. The printing, publication, and distribution of a newspaper or operating  
13      a job printing plant shall be deemed to be manufacturing;
- 14      (5) Commercial radio, television, and telephonic equipment directly used or associated  
15      with electronic equipment which broadcasts electronic signals to an antenna;  
16      however, radio or television towers not essential to the production of the wave or  
17      signal broadcast shall not be included;
- 18      (6) Unmanufactured agricultural products. They shall be exempt from taxation for state  
19      purposes to the extent of the value, or amount, of any unpaid nonrecourse loans  
20      thereon granted by the United States government or any agency thereof, and except  
21      that cities and counties may each impose an ad valorem tax of not exceeding one  
22      and one-half cents (\$0.015) on each one hundred dollars (\$100) of the fair cash  
23      value of all unmanufactured tobacco and not exceeding four and one-half cents  
24      (\$0.045) on each one hundred dollars (\$100) of the fair cash value of all other  
25      unmanufactured agricultural products, subject to taxation within their limits that are

- 1 not actually on hand at the plants of manufacturing concerns for the purpose of  
2 manufacture, nor in the hands of the producer or any agent of the producer to whom  
3 the products have been conveyed or assigned for the purpose of sale;
- 4 (7) Money in hand, notes, bonds, accounts, and other credits, whether secured by  
5 mortgage, pledge, or otherwise, or unsecured. Nothing in this section shall forbid  
6 local taxation of franchises of corporations or of financial institutions, as provided  
7 for in KRS 136.575, or domestic life insurance companies;
- 8 (8) All privately-owned leasehold interest in industrial buildings, as defined under KRS  
9 103.200, owned and financed by a tax-exempt governmental unit, or tax-exempt  
10 statutory authority under the provisions of KRS Chapter 103, except that the rate  
11 shall not apply to the proportion of value of the leasehold interest created through  
12 any private financing;
- 13 (9) Property which has been certified as a pollution control facility as defined in KRS  
14 224.01-300;
- 15 (10) Property which has been certified as an alcohol production facility as defined in  
16 KRS 247.910;
- 17 (11) On and after January 1, 1977, the assessed value of unmined coal shall be included  
18 in the formula contained in KRS 132.590(9) in determining the amount of county  
19 appropriation to the office of the property valuation administrator;
- 20 (12) Tangible personal property located in a foreign trade zone established pursuant to  
21 19 U.S.C. sec. 81, provided that the zone is activated in accordance with the  
22 regulations of the United States Customs Service and the Foreign Trade Zones  
23 Board;
- 24 (13) Motor vehicles qualifying for permanent registration as historic motor vehicles  
25 under the provisions of KRS 186.043. However, nothing herein shall be construed  
26 to exempt historical motor vehicles from the usage tax imposed by KRS 138.460;
- 27 (14) Property which has been certified as a fluidized bed energy production facility as

- 1 defined in KRS 211.390;
- 2 (15) All motor vehicles held for sale in the inventory of a licensed motor vehicle dealer,  
3 which are not currently titled and registered in Kentucky and are held on an  
4 assignment pursuant to the provisions of KRS 186A.230, and all motor vehicles  
5 with a salvage title held by an insurance company;
- 6 (16) Machinery or equipment owned by a business, industry, or organization in order to  
7 collect, source separate, compress, bale, shred, or otherwise handle waste materials  
8 if the machinery or equipment is primarily used for recycling purposes as defined in  
9 KRS 139.095;
- 10 (17) New farm machinery and other equipment held in the retailer's inventory for sale  
11 under a floor plan financing arrangement by a retailer, as defined under KRS  
12 365.800;
- 13 (18) New boats and new marine equipment held for retail sale under a floor plan  
14 financing arrangement by a dealer registered under KRS 235.220;
- 15 (19) Aircraft not used in the business of transporting persons or property for  
16 compensation or hire if an exemption is approved by the county, city, school, or  
17 other taxing district in which the aircraft has its taxable situs;
- 18 (20) Federally documented vessels not used in the business of transporting persons or  
19 property for compensation or hire or for other commercial purposes, if an  
20 exemption is approved by the county, city, school, or other taxing district in which  
21 the federally documented vessel has its taxable situs;~~{and}~~
- 22 (21) Any nonferrous metal that conforms to the quality, shape, and weight specifications  
23 set by the New York Mercantile Exchange's special contract rules for metals, and  
24 which is located or stored in a commodity warehouse and held on warrant, or for  
25 which a written request has been made to a commodity warehouse to place it on  
26 warrant, according to the rules and regulations of a trading facility. In this  
27 subsection:

1 (a) "Commodity warehouse" means a warehouse, shipping plant, depository, or  
 2 other facility that has been designated or approved by a trading facility as a  
 3 regular delivery point for a commodity on contracts of sale for future  
 4 delivery;~~{and}~~

5 (b) "Trading facility" means a facility that is designated by or registered with the  
 6 federal Commodity Futures Trading Commission under 7 U.S.C. secs. 1 et  
 7 seq. "Trading facility" includes the Board of Trade of the City of Chicago, the  
 8 Chicago Mercantile Exchange, and the New York Mercantile Exchange, and

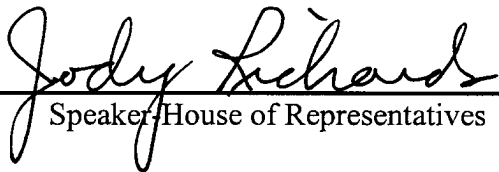
9 **(22) Biotechnology products held in a warehouse for distribution by the manufacturer**  
 10 **or by an affiliate of the manufacturer. For the purposes of this section:**

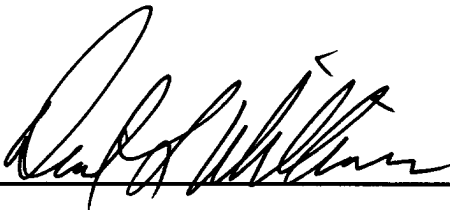
11 **(a) "Biotechnology products" means those products that are applicable to the**  
 12 **prevention, treatment, or cure of a disease or condition of human beings**  
 13 **and that are produced using living organisms, materials derived from living**  
 14 **organisms, or cellular, subcellular, or molecular components of living**  
 15 **organisms. Biotechnology products does not include pharmaceutical**  
 16 **products which are produced from chemical compounds;**

17 **(b) "Warehouse" includes any establishment that is designed to house or store**  
 18 **biotechnology products, but does not include blood banks, plasma centers,**  
 19 **or other similar establishments; and**

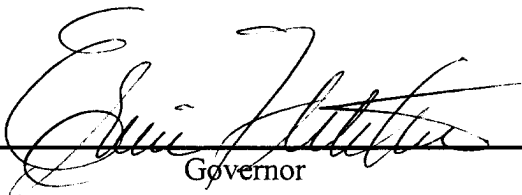
20 **(c) "Affiliate" means an individual, partnership, or corporation that directly or**  
 21 **indirectly owns or controls, or is owned or controlled by, or is under**  
 22 **common ownership or control with, another individual, partnership, or**  
 23 **corporation.**

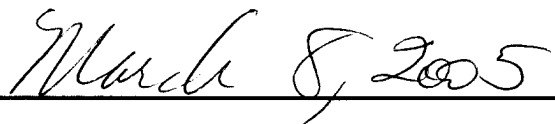
24 Section 2. The provisions of this Act shall apply for assessment dates on or after  
 25 January 1, 2002.

  
\_\_\_\_\_  
Speaker House of Representatives

  
\_\_\_\_\_  
President of the Senate

Attest:   
\_\_\_\_\_  
Chief Clerk of House of Representatives

Approved   
\_\_\_\_\_  
Governor

Date   
\_\_\_\_\_